

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
FRB-03 /102 W

-----200549Z 097059 /15

R 200520Z MAY 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 1207

C O N F I D E N T I A L JAKARTA 6579

E.O. 11652: GDS

TAGS: ENRG, EFIN, ID

SUBJECT: IRS AND INDONESIAN PRODUCTION-SHARING AGREEMENTS

1. THERE HAS BEEN SOME RECENT PROGRESS TOWARD RESOLUTION OF IRS RULING, PARTICULARLY ON TWO MOST VEXING ISSUES: CONSOLIDATION AND PAYMENT OF TAXES IN KIND. APRIL VISIT OF MINISTER WIDJOJO APPARENTLY WAS HELPFUL INWORKING OUT UNDERSTANDING ON CONSOLIDATION AS RESULT OF DISCUSSIONS WITH ROGERS AND WELLS (CASEY AND FISCHER) AND COMPANIES IN NEW YORK. THREE CONTRACTORS FILING FOR REVISED RULING EVIDENTLY WILL SUPPORT GOI STAND THAT CONSOLIDATION SHOULD NOT BE REQUIRED TO MAKE INDONESIAN TAX PAYMENTS CREDITABLE. ALTERNATIVELY, COMPANIES WITH CONTRACTS COVERING MULTIPLE AREAS COULD ASSIGN ADDITIONAL CONTRACTS TO FOREIGN SUBSIDIARIES. SINCE FOREIGN SUBSIDIARIES CANNOT FILE CONSOLIDATED INCOME TAX RETURNS IN INDONESIA, CONSOLIDATION REQUIREMENT WILL BE VOIDED.

2. ON MATTER OF TAX PAYMENTS IN KIND, PERTAMINA BACKING OFF FROM ITS ORIGINAL STAND. SECRETARY TO PERTAMINA BOARD OF COMMISSIONERS, GOZALI, TOLD EMBOFF MAY 18 THAT TELEX HAD BEEN SENT TO ROGERS AND WELLS THIS WEEK ADVISING THEM THAT OPTION TO TAKE ADDITIONAL TAX PAYMENT IN KIND WILL BE CONFIDENTIAL

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DROPPED. GOZALI IMPLIED, HOWEVER, THAT IN RETURN FOR DROPPING THIS OPTION, PERTAMINA WOULD EVENTUALLY REQUIRE COMPANIES TO PAY FULL SHARE, I.E. 35 PERCENT, IN CRUDE ON PHASED BASIS.

3. WE RAISED FOREGOING MAY 18 WITH NATOMAS PRESIDENT DORMAN COMMONS, WHO IS CURRENTLY VISITING JAKARTA TO

CALL ON PRESIDENT SUHARTO. COMMONS AGREED THAT IRS MATTER SEEMED CLOSER TO RESOLUTION; HIS OFFICE HAD CHECKED LAST WEEK WITH IRS WHO ADVISED THEY WOULD BE PREPARED TO DISCUSS THIS WITH NATOMAS IN ABOUT TWO WEEKS "IF NECESSARY." (PERTAMINA POSITION ON TAX OIL HAD NOT YET BEEN RECEIVED.) COMMONS ALSO OPINED THAT, FOR CERTAIN COMPANIES, REMOVAL OF IRS STUMBLING BLOCK COULD HELP OPEN WAY FOR NEW EXPLORATION.

NEWSOM

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENTS, TAX AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 20-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977JAKART06579
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770179-1036
Format: TEL
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770537/aaaabffe.tel
Line Count: 71
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: 342e408f-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2440672
Secure: OPEN
Status: NATIVE
Subject: IRS AND INDONESIAN PRODUCTION-SHARING AGREEMENTS
TAGS: ENRG, EFIN, ID, US, IRS
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/342e408f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009